

Message Text

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TO AMEMBASSY OTTAWA PRIORITY

INFO USMISSION USUN NEW YORK PRIORITY

C O N F I D E N T I A L STATE 111248

E.O. 11652: GDS

TAGS: PLOS

SUBJECT: POSITION ON DEEP SEABED MINING

REF: USUN 1991; DUEMLING-KRUSE TELCON

USUN FOR LOSDEL

1. FOR EMBASSY INFORMATION THERE FOLLOWS IN PARA 2 BELOW,
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THE TEXT OF ARTICLE 9 (GENERAL PRINCIPLES REGARDING

ECONOMIC ASPECTS OF ACTIVITIES IN THE AREA) RELATING TO DEEP SEABED MINING. THIS TEXT WAS NEGOTIATED IN THE SECRET BRAZIL GROUP AND HAS BEEN APPROVED WITHIN THE USG. IT IS THE PRODUCT OF SENSITIVE AND DIFFICULT NEGOTIATIONS WITH THE LDC'S AND IS THE CORE ELEMENT OF THE PACKAGE WHICH THE US PUT FORWARD ON DEEP SEABEDS AT THE CURRENT NEGOTIATING SESSION IN NEW YORK.

2. ACTIVITIES IN THE AREA SHALL BE UNDERTAKEN IN SUCH A MANNER AS TO: (1) FOSTER THE HEALTHY DEVELOPMENT OF THE WORLD ECONOMY AND A BALANCED GROWTH IN INTERNATIONAL TRADE, AND TO PROMOTE INTERNATIONAL COOPERATION FOR THE OVERALL DEVELOPMENT OF ALL COUNTRIES, ESPECIALLY OF DEVELOPING COUNTRIES; (2) EXPAND OPPORTUNITIES FOR ALL STATES PARTIES IN PARTICIPATING IN THE DEVELOPMENT OF THE RESOURCES OF THE AREA; (3) INCREASE AVAILABILITY OF RESOURCES TO MEET WORLD DEMAND; (4) PROTECT AGAINST THE ADVERSE ECONOMIC EFFECTS OF A SUBSTANTIAL DECLINE IN THE MINERAL EXPORT EARNINGS OF DEVELOPING COUNTRIES FOR WHOM EXPORT REVENUES FROM MINERALS OR RAW MATERIALS ALSO UNDER EXPLOITATION IN THE AREA REPRESENT A SIGNIFICANT SHARE OF THEIR GROSS DOMESTIC PRODUCT OR FOREIGN EXCHANGE EARNINGS, WHEN SUCH DECLINE IS CAUSED BY ACTIVITIES IN THE AREA, BY: (I) FACILITATING, THROUGH EXISTING FORUMS OR SUCH NEW ARRANGEMENTS OR AGREEMENTS AS MAY BE APPROPRIATE AND IN WHICH ALL AFFECTED PARTIES PARTICIPATE, THE GROWTH, EFFICIENCY AND STABILITY OF MARKETS FOR THOSE CLASSES OF COMMODITIES PRODUCED FROM THE AREA, AT PRICES REMUNERATIVE TO PRODUCERS AND FAIR TO CONSUMERS; THE AUTHORITY SHALL HAVE THE RIGHT TO PARTICIPATE IN ANY COMMODITY CONFERENCE DEALING WITH THE CATEGORIES OF MINERALS PRODUCED IN THE AREA. THE AUTHORITY SHALL HAVE THE RIGHT TO BECOME A PARTY TO ANY SUCH ARRANGEMENT OR AGREEMENT RESULTING FROM SUCH CONFERENCES AS ARE REFERRED TO ABOVE. THE PARTICIPATION BY THE AUTHORITY IN ANY ORGANS ESTABLISHED UNDER THE ARRANGEMENTS OR AGREEMENTS REFERRED TO ABOVE SHALL BE IN RESPECT OF ITS PRODUCTION IN THE AREA AND IN ACCORDANCE WITH THE RULES OF PROCEDURE ESTABLISHED FOR SUCH ORGANS. IN CARRYING OUT THE DECISIONS TAKEN BY SUCH ORGANS, THE AUTHORITY SHALL ASSURE THE UNIFORM AND NON-DISCRIMINATORY

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IMPLEMENTATION OF SUCH DECISIONS IN RESPECT OF ALL PRODUCTION IN THE AREA OF THE MINERALS CONCERNED. IN DOING SO, THE AUTHORITY SHALL ACT IN A MANNER CONSISTENT WITH THE TERMS OF EXISTING CONTRACTS; (II) THE AUTHORITY LIMITING, IN AN INTERIM PERIOD SPECIFIED BELOW, TOTAL PRODUCTION IN THE AREA SO AS NOT TO EXCEED THE PROJECTED CUMULATIVE GROWTH SEGMENT OF THE NICKEL MARKET DURING THAT PERIOD. THE CUMULATIVE GROWTH SEGMENT FOR THE PUR-

POSE OF THIS PART SHALL BE COMPUTED IN ACCORDANCE WITH ANNEX I, PARA 21. THE INTERIM PERIOD REFERRED TO ABOVE SHALL BE OF A DURATION OF 20 YEARS AND SHALL BEGIN ON 1 JANUARY 1980, OR IMMEDIATELY UPON THE COMMENCEMENT OF COMMERCIAL PRODUCTION UNDER A CONTRACT, WHICHEVER COMES EARLIER. DURING THE LAST 12 MONTHS OF THE 20 YEAR PERIOD, THE COUNCIL MAY TAKE A DECISION TO PROLONG THE PERIOD FOR ANOTHER 5 YEARS. PRODUCTION LEVELS UNDER EXISTING CONTRACTS, SHALL NOT BE AFFECTED BY THE INTERIM LIMIT, BUT SHALL, HOWEVER, BE INCLUDED IN THE CALCULATION OF THE STATED PRODUCTION LIMITS UNDER THIS SUB-PARAGRAPH. (III) A COMPENSATORY SYSTEM OF ECONOMIC ADJUSTMENT ASSISTANCE IN RESPECT OF THE ADVERSE EFFECTS REFERRED TO IN THIS PARAGRAPH; (5) ENSURE THEIR SAFE, ORDERLY AND EFFICIENT CONDUCT AND, IN ACCORDANCE WITH COMMONLY USED PRINCIPLES OF CONSERVATION, THE AVOIDANCE OF UNNECESSARY WASTE; (6) ENSURE EQUITABLE SHARING IN AND DISTRIBUTION OF FINANCIAL AND OTHER ECONOMIC BENEFITS AMONG STATE PARTIES FROM THE ACTIVITIES IN THE AREA, TAKING INTO PARTICULAR CONSIDERATION THE INTERESTS AND NEEDS OF THE DEVELOPING COUNTRIES, IN ACCORDANCE WITH ARTICLE .. AND CONSISTENT WITH ARTICLES 11, 18 AND 23. THIS DECISION IS CONTINGENT ON A SATISFACTORY VOTING PROCEDURE FOR THIS AND OTHER ISSUES. END TEXT

3. REVISED NEGOTIATING TEXTS WERE PUBLISHED TODAY IN NEW YORK BUT ARE NOT YET AVAILABLE IN WASHINGTON. POSSIBLY TEXT OF ARTICLE 9 IN REVISED SNT WILL READ SLIGHTLY DIFFERENTLY THAN FOREGOING BUT PARA 2 SUPRA IS ANTHORITATIVE EXPRESSION OF US POSITION. DEPARTMENT WILL FURNISH EMBASSY WITH RATIONALE OF US POSITION ON ARTICLE 9 AS SOON AS POSSIBLE.

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4. FYI FOLLOWING IS CANADIAN GOVERNMENT PRESS GUIDANCE ON DEEP SEABED NICKEL PRODUCTION ISSUE, AS PROVIDED DEPARTMENT YESTERDAY ON PERSONAL BASIS BY CANADIAN EMBASSY: THE FOLLOWING THREE POINTS CONSTITUTE THE CANADIAN "LINE" ON THIS ISSUE, AS AGREED WITH THE LOS DELEGATION IN NEW YORK: (1) CANADA DOES NOT BELIEVE THAT THE USG INTENDS TO TRY TO SOLVE ITS NICKEL SUPPLY PROBLEMS AT THE EXPENSE OF CANADA BUT THAT THE US IS ATTEMPTING TO FORMULATE A PROPOSAL WHICH WILL TAKE INTO ACCOUNT THE INTERESTS OF BOTH MAJOR LAND-BASED PRODUCERS SUCH AS CANADA AND IMPORTANT USERS OF NICKEL SUCH AS THE US. (2) CANADA HAS PUT FORWARD ITS OWN PROPOSAL, DIFFERING IN SOME RESPECTS FROM THE US INITIATIVE, WHICH IN THE CANADIAN VIEW WILL BETTER PROTECT BOTH LAND-BASED PRODUCERS AND USERS. SINCE THIS PROPOSAL IS UNDER ACTIVE DISCUSSION WITH A

NUMBER OF OTHER COUNTRIES, IT WOULD NOT BE APPROPRIATE TO
GO INTO DETAILS AT THIS TIME. (3) CANADA BELIEVES IT HAS
STRONG SUPPORT FROM A NUMBER OF COUNTRIES IN THE GROUP OF
77 FOR THE CANADIAN PROPOSAL WHICH COULD PROTECT BOTH
MAJOR USERS AND CANADIAN INTERESTS WHILE AT THE SAME
TIME PRESERVING THE INTERESTS OF THE DEVELOPING COUNTRIES.
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